

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

San Diego Gas & Electric Company,  
Complainant,

v.

Docket No. EL00-95-037

Sellers of Energy and Ancillary Services,  
Respondents.

Investigation of Practices of the California  
Independent System Operator and the  
California Power Exchange

Docket No. EL00-98-035

Reliant Energy Services, Inc.

Docket No. ER01-1453-006

Mirant California, LLC, Mirant Delta, LLC  
and Mirant Potrero, LLC

Docket No. ER01-1455-008

Williams Energy Services Corporation

Docket No. ER01-1456-009

NOTICE OF PROXY PRICE FOR MAY WHOLESALE  
TRANSACTIONS IN THE CALIFORNIA WHOLESALE ELECTRIC MARKET  
June 15, 2001

On March 9, 2001, the Commission issued an order establishing a proxy market clearing price approach to estimate total potential refunds or offsets in the ISO and PX markets during January through April 2001.<sup>1</sup> (The proxy approach was extended through May 28, 2001 in the Commission's April 26, 2001 order issued in San Diego Gas & Electric Company, et al., Docket No. EL00-95-012, et al., 95 FERC ¶ 61,115 (2001), reh'g pending.) The Commission directed the Director of the Office of Markets, Tariffs and Rates to issue a notice of the proxy market clearing price for each month. For the month of May 2001, the proxy price results in approximately \$414,183 of total potential refunds or offsets by public utility sellers. These refunds are based on a proxy market clearing price of \$267/MWh.

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<sup>1</sup> 94 FERC ¶ 61,245 , reh'g pending, (The California PX suspended operations at the end of January 2001.)

Following the methodology established by the March 9 order, the proxy price for May is based on:

- (1) a combustion turbine with a heat rate of 18,073/Btu/kWh as reported in the three California investor-owned utilities' 1998 FERC Form No. 1;
- (2) the average reported midpoint natural gas price for "Southern California Gas Company large package" transactions as reported in Financial Times Energy's "Gas Daily" publication. This price for May 2001 is \$11.98/mmBtu;
- (3) the average NOx allowance costs from the Southern California Air Quality Management District NOx Auction as reported by Cantor Fitzgerald Environmental Brokerage Services. This cost for May 2001 is \$24.32/lb;
- (4) an average NOx emissions rate of 2 lbs./MWh as reported by public utility sellers; and
- (5) variable O&M costs of \$2/MWh as reported by public utility sellers.

The Attachment contains a list of the parties having transactions with the California Independent System Operator during stage 3 emergency hours to which the proxy price applies and the estimated potential refund obligation for each public utility seller. Any final resolution of the amount of refunds that may be due will be determined pursuant to the procedures established by the Commission's March 9, 2001 order in these dockets.

The identified public utility sellers should refer to the Commission's March 9, 2001 Order for a description of procedures and filing requirements.

Daniel L. Larcamp  
Director, Office of Markets, Tariffs and Rates

## Attachment

Transaction information filed by the California Independent System Operator (ISO) is used to identify transactions at prices in excess of the \$267/MWh proxy clearing price and to estimate potential refunds. The following is a list of the number of transactions reported by the ISO with a price greater than \$267/MWh made during hours in which the ISO called a Stage 3 Emergency and the potential refunds.

Reliant Energy Services, Inc. - Docket No. ER101-1453-006

ISO Energy                      5 transactions with a refund potential of \$369,520

Mirant California, LLC, Mirant Delta, LLC - Docket No. ER101-1455-008  
and Mirant Potrero, LLC

ISO Energy                      4 transactions with a refund potential of \$3,291

Williams Energy Services Corporation - Docket No. ER01-1456-009

ISO Energy                      27 transactions with a refund potential of \$41,370

Filings regarding the May transactions addressed by this notice should reference the company specific docket numbers listed above.